

ACT 149

S.B. NO. 1187

A Bill for an Act Relating to Taxation.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Act 344, Session Laws of Hawaii 1986, section 20, is amended to read as follows:

“SECTION 20. This Act shall take effect upon its approval; provided that the tax imposed under section 244D-4, Hawaii Revised Statutes, as amended by this Act shall apply to the sale of liquor made after June 30, 1986[; provided further that on July 1, 1989, sections 1, 2, 4, 5, 6, 7, 11, 16, and 18 of this Act shall be repealed, and sections 244D-1, 244D-4, 244D-5, 244D-6, 244D-9, 237-25, and 281-83, Hawaii Revised Statutes, are reenacted in the form in which they read on the day before the approval of this Act].”

SECTION 2. Section 244D-4.5, Hawaii Revised Statutes, is amended to read as follows:

“**§244D-4.5 Adjustment of tax rate.** (a) [After July 1, 1987, the tax rate for a given liquor category taxed in section 244D-4(a) shall be adjusted automatically on January 1 or July 1, as the case may be, in the following circumstances. If at the end of a six-month reporting period ending on March 31 or September 30 the department finds that:

- (1) The:
 - (A) Total gallonage for a given liquor category has not declined over the same six-month reporting period; and
 - (B) Unit price for such liquor category over such six-month reporting period has increased over the corresponding unit price over the preceding six-month reporting period; or
- (2) The:
 - (A) Total gallonage for a given liquor category has not declined over the same six-month reporting period; and
 - (B) Unit price for such liquor category over such six-month reporting period has decreased over the corresponding unit price over the preceding six-month reporting period;

then the tax rate, rounded to the nearest whole cent, for the liquor category or liquor categories shall increase or decrease, as appropriate, in the same percentage as the increase or decrease in unit price. Under no circumstances shall the tax rate for a liquor category be decreased below the tax rates established by section 244D-4(a).

The department shall make its determination based upon information it receives from returns representing not less than ninety per cent of the estimated sales volume by wine gallonage by liquor categories required to be filed for the six-month reporting period not later than one hundred-eighty days following the close of such six-month reporting period. The department shall circulate the tax rate change to each permittee and shall publish the tax rate change in a newspaper of general circulation in the State.

The tax rate increase or decrease, as appropriate, shall be effective on the January 1 or July 1 next following such determination.

(b)] On or after January 1, 1989, the tax rate for a given liquor category in each paragraph in section 244D-4(a) shall be adjusted automatically on January 1 or July 1, as the case may be, in the following circumstances. If at the end of a twelve-month reporting period ending on June 30 or a twelve-month reporting period ending on December 31 the department finds that:

- (1) The:
 - (A) Total gallonage for a given liquor category has not declined over the preceding twelve-month reporting period; and
 - (B) Unit price for the given liquor category over a twelve-month reporting period is greater than the corresponding unit price for that liquor category over the preceding twelve-month reporting period; or
- (2) The:
 - (A) Total gallonage for a given liquor category has not declined over the preceding twelve-month reporting period; and
 - (B) Unit price for the given liquor category over a twelve-month reporting period is less than the corresponding unit price for that liquor category over the preceding twelve-month reporting period;

then the tax rate, rounded to the nearest whole cent, for the liquor category or liquor categories shall increase or decrease, as appropriate, in the same percentage as the increase or decrease in unit price. Under no circumstances shall the tax rate for a liquor category be decreased below the tax rates established by section 244D-4(a).

The department shall make its determination based upon information it receives from returns representing not less than ninety per cent of the [estimate] estimated sales volume by wine gallonage by liquor category required to be filed for the twelve-month reporting period not later than one hundred-eighty days following the close of such twelve-month reporting period. The department shall circulate the tax rate change to each permittee and shall publish the tax rate change in a newspaper of general circulation in the State.

The tax rate increase or decrease, as appropriate, shall be effective on the January 1 or July 1 next following such determination.

(b) The adjustment of liquor tax rates, but not the collection of liquor tax information under section 244D-6, shall be suspended for the period beginning on the approval date of this Act and ending on June 30, 1991. The liquor tax rates in effect on the approval date of this Act shall remain in effect during this suspension period and until the liquor tax rates are next adjusted. Upon termination of the suspension period, the first increase or decrease of the liquor tax rates under this section after June 30, 1991, shall take place on July 1, 1992, and shall be based upon a comparison of the twelve-month reporting periods, January 1, 1990, through December 31, 1990, and January 1, 1991, through December 31, 1991. The operation of this section shall thereafter compare reporting periods as required by subsection (a), with any consequent increases or decreases effective on January 1 or July 1 as the case may be."

SECTION 3. Statutory material to be repealed is bracketed.¹

SECTION 4. This Act shall take effect upon its approval.

(Approved June 7, 1989.)

Note

1. So in original.